



GARY R. HERBERT  
Governor

GREGORY S. BELL  
Lieutenant Governor

# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

### Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

May 26, 2010

CERTIFIED RETURN RECEIPT and by Regular Mail  
7004 1160 0003 0190 4383

Dale Snyder  
Absolute Mining and Minerals  
7752 North 9150 West  
Lehi, Utah 84043

Subject: Reclamation Required, Permit Revoked, Absolute Mining and Minerals; AMMI Mine;  
S/019/0035; Grand County, Utah

Dear Mr. Snyder:

I am writing in response to your letter dated May 19, 2010, concerning the requirement of the Division of Oil, Gas and Mining (Division) for you to complete reclamation by June 15, 2010. There are several issues associated with the Division's decision to require reclamation:

1. Ten-year period of inactivity. I have been associated with the minerals regulatory program since July 2001, and have visited the site several times. I have never seen any indications of mining activity, and inspector Tom Munson was at the site earlier this month and found no evidence of mining. A letter from the BLM dated January 17, 2008, says the site had been inactive for twelve years. Your annual reports from 2000 through 2002 say there was no mining, and the Division has not received a report since then although these reports are required by rule R647-3-117. Your letter says you have mined for many years including as recently as three weeks prior to the Division's May 19 letter.
2. Reclamation surety. In December 2007, the Division sent you a letter requiring that the surety be increased from \$8200.00 to \$80,840.00. Your letter of February 13, 2008, addressed to the BLM (and not copied to the Division) says the amount is out of line but provides no documentation. In fairness, the Division did not provide documentation of its calculation but has recently re-calculated the surety based on demolition and removal costs available through the Means handbook and also on average regrading and revegetation costs. The enclosed spreadsheet shows these costs and the references in the handbook. The total amount, including indirect costs and escalation through 2015, is \$118,000.00. The average costs per acre are based on average calculated costs of regrading and revegetating about 30 large mine in Utah.





3. Division not named as beneficiary on surety. Rule R647-3-111.2 says the Division will not require a separate reclamation surety when a surety in the correct form and amount is being held by another government agency **and the Division is named as a co-beneficiary**. By letter dated September 25, 2006, the Division asked that you make this change in the surety, and the deadline was December 8, 2006. This has not happened.
4. Reclamation Contract. The Division's September 25, 2006, letter also required that you provide a reclamation contract, but the Division has yet to receive this contract. This is required by rule R647-3-111.4.
5. Notice of Intention. The Division has never approved/accepted a Notice of Intention to Commence Small Mining Operations for this site. The information in the Division's files is incomplete and inadequate. Some of the maps are basically illegible, and they do not provide the information required by rule. Other information is scattered through various pieces of correspondence.
6. Division of Corporations registration. The registration of Absolute Mining and Minerals, LLC, with the Division of Corporations expired December 10, 2003, and the Division's letter of September 26, 2006, notified you that the registration needed to be renewed. The registration status is still listed as expired.

As stated in its April 27, 2010, letter, the Division requires that reclamation be completed by June 15, 2010. If you fail to complete reclamation by this date, the Division will seek forfeiture of the reclamation surety and approval from the Board of Oil, Gas and Mining (Board) to conduct the reclamation and recover costs and expenses of reclamation, together with costs of collection, in a civil action brought by the attorney general. If reclamation has not been completed by June 15, 2010, a Cessation Order will most likely be issued including appropriate fines and deadlines for reclamation to occur.

Your response letter says that if the Division insists on revoking the permit you formally request a hearing before Federal Judge Switzer. If you desire to appeal the Division's decision, you need to file a request for agency action with the Board of Oil, Gas and Mining.

If you still want to conduct mining operations, please submit the following before the reclamation deadline of June 15, 2010:

1. A new, complete, Notice of Intention to Commence Small Mining Operations. The form is available on the Division's web site at [https://fs.ogm.utah.gov/pub/mines/minerals\\_related/forms/MR-SMO.pdf](https://fs.ogm.utah.gov/pub/mines/minerals_related/forms/MR-SMO.pdf).
2. A reclamation surety totaling at least \$80,840.00 in a form acceptable to the Division. If the surety on file with the BLM is to be used as a portion of this amount, the Division must be named as a co-beneficiary. The amount of the surety will need to be increased

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May 26, 2010

to current levels (\$118,000.00) in December 2010 but could be reduced if some of the site is reclaimed, particularly if some of the facilities are removed.

3. A completed and signed reclamation contract. This form is available on the Division's web site at [https://fs.ogm.utah.gov/pub/mines/minerals\\_related/forms/MR-RC-SMO.pdf](https://fs.ogm.utah.gov/pub/mines/minerals_related/forms/MR-RC-SMO.pdf).
4. Evidence that the registration with the Division of Corporations has been renewed.

The BLM may have additional requirements.

If you have questions about this letter, please call me at 801-538-5261 or Tom Munson at 801-538-5321.

Sincerely,



Paul B. Baker  
Minerals Program Coordinator

PBB:tm:pb

cc: [Marie\\_mcgann@blm.gov](mailto:Marie_mcgann@blm.gov)

Steve Alder and Fred Donaldson, Assistant Attorneys General

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## Bonding Calculations

## Direct Costs

Subtotal Demolition and Removal	\$71,099.00
Direct Costs	\$71,099.00

## Indirect Costs

Mob/Demob	\$7,110.00	10.0%
Contingency	\$3,555.00	5.0%
Engineering Redesign	\$1,777.00	2.5%
Main Office Expense	\$4,835.00	6.8%
Project Management Fee	\$1,777.00	2.5%
Subtotal Indirect Costs	\$19,054.00	26.8%

Total Cost 2010	\$90,153.00
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Number of years	5
Escalation factor	0.005
Escalation	\$2,276.00
Grading and revegetation (Average for 5 acres; includes escalation and indirect costs)	\$25,100.00
Reclamation Cost Escalated	\$117,529.00

Bond Amount (rounded to nearest \$1,000) 2013 Dollars	\$118,000.00
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## Posted Bond

Difference Between Cost Estimate and Bond Percent Difference	-\$118,000.00
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Ref.	Description	Materials	Means Reference Number	Unit Cost	Unit	Length	Width	Height	Diameter	Area	Volume	Weight	Density	Time	Number	Unit	Swell Factor	Quantity	Unit	Cost
	Building																			
	Deduct 50% no interior walls																			
	Structure's Demolition Cost	Steel Bld. Large	02 41 16 13 0020	0.31	/CF	120	65	15								FT		117000	CF	18135
	Structure's Vol. Demolished																0.1	11700	CF	
	Rubble's Weight (exclude steel)																			
	Truck's Capacity																			
	Haulage																			
	Transportation Cost Non Steel Truck																			
	Transportation Cost Non Steel Drive																			
	Disposal Cost Non Steel																			
	Steel's Weight											300				lb/cf		1755	ton	
	Truck's Capacity											16				ton				
	Haulage													1.5		hr/trip		176	hr	
	Transportation Cost Steel Truck	Truck dump 16 ton payload	01 54 33 20 5300	1075.72	/day													22	day	23666
	Transportation Cost Steel Truck Drive	Truck Driver, Heavy	Trhv	50.55	HR													176	hr	8897
	Disposal Cost Steel																			
	<b>Subtotal</b>																			<b>50698</b>
	Equipment 's Disposal Cost																			
	Dismantling Cost																			
	Equipment 's Vol. Demolished																			
	Loading Costs																			
	Transport Costs																			
	Disposal Costs																			
	<b>Subtotal</b>																			
	Concrete Demolition																			
	Demolition Cost	Concrete demolition	ConcreteDemo1	11.54	/CY	120	65	0.33								FT		95	CY	548
	Concrete's Vol. Demolished																1.3	124	CY	0
	Loading Cost	Front end loader wheel 3 CY	31 23 16 42 1601	1.01	/CY															
	Truck's Capacity											12				CY				
	Haulage													2.5		hr/trip		26	hr	0
	Transportation Cost Non Steel Truck	Truck dump 16 ton payload	01 54 33 20 5300	1075.72	/day											hr/trip		3.3	day	1775
	Transportation Cost Non Steel Drive	Truck Driver, Heavy	Trhv	50.55	HR											hr/trip		26	hr	657
	Disposal Costs																			
	<b>Subtotal</b>																			<b>2980</b>
	Concrete Demolition																			
	Demolition Cost																			
	Concrete's Vol. Demolished																			
	Loading Cost																			
	Transportation Cost																			
	Disposal Costs																			
	<b>Subtotal</b>																			
	<b>Total</b>																			<b>53678</b>



Ref.	Description	Materials	Means Reference Number	Unit Cost	Unit	Length	Width	Height	Diameter	Area	Volume	Weight	Density	Time	Number	Unit	Swell Factor	Quantity	Unit	Cost
	Vats																			
	Deduct 50% no interior walls																			
	Structure's Demolition Cost	Steel Bld. Large	02 41 16 13 0020	0.31	/CF				8	18						7 FT		14250	CF	2209
	Structure's Vol. Demolished																0.1	1425	CF	
	Rubble's Weight (exclude steel)																			
	Truck's Capacity																			
	Haulage																			
	Transportation Cost Non Steel Truck																			
	Transportation Cost Non Steel Drive																			
	Disposal Cost Non Steel																			
	Steel's Weight											480				lb/cf		342	ton	
	Truck's Capacity											16				ton				
	Haulage													1.5		hr/trip		34	hr	
	Transportation Cost Steel Truck	Truck dump 16 ton payload	01 54 33 20 5300	1075.72	/day													4	day	4303
	Transportation Cost Steel Truck Drive	Truck Driver, Heavy	Trhv	50.55	HR													34	hr	1719
	Disposal Cost Steel																			
	<b>Subtotal</b>																			<b>8231</b>
	Equipment 's Disposal Cost																			
	Dismantling Cost																			
	Equipment 's Vol. Demolished																			
	Loading Costs																			
	Transport Costs																			
	Disposal Costs																			
	<b>Subtotal</b>																			
	Concrete Demolition																			
	Demolition Cost	Concrete demolition	ConcreteDemo1	11.54	/CY	20	20	0.33								7 FT		34	CY	196
	Concrete's Vol. Demolished																1.3	44	CY	0
	Loading Cost	Front end loader wheel 3 CY	31 23 16 42 1601	1.01	/CY															
	Truck's Capacity											12				CY				
	Haulage													2.5		hr/trip		9	hr	0
	Transportation Cost Non Steel Truck	Truck dump 16 ton payload	01 54 33 20 5300	1075.72	/day											hr/trip		1.1	day	592
	Transportation Cost Non Steel Drive	Truck Driver, Heavy	Trhv	50.55	HR											hr/trip		9	hr	227
	Disposal Costs																			
	<b>Subtotal</b>																			<b>1015</b>
	Concrete Demolition																			
	Demolition Cost																			
	Concrete's Vol. Demolished																			
	Loading Cost																			
	Transportation Cost																			
	Disposal Costs																			
	<b>Subtotal</b>																			
	Concrete Demolition																			
	Demolition Cost																			
	Concrete's Vol. Demolished																			
	Loading Cost																			
	Transportation Cost																			
	Disposal Costs																			
	<b>Subtotal</b>																			
	<b>Total</b>																			<b>9246</b>



Ref.	Description	Materials	Means Reference Number	Unit Cost	Unit	Length	Width	Height	Diameter	Area	Volume	Weight	Density	Time	Number	Unit	Swell Factor	Quantity	Unit	Cost
	Tank Car																			
	Deduct 50% no interior walls																			
	Structure's Demolition Cost																			
	Structure's Vol. Demolished																			
	Rubble's Weight (exclude steel)																			
	Truck's Capacity																			
	Haulage																			
	Transportation Cost Non Steel Truck																			
	Transportation Cost Non Steel Drive																			
	Disposal Cost Non Steel																			
	Steel's Weight																			
	Truck's Capacity																			
	Haulage																			
	Transportation Cost Steel Truck																			
	Transportation Cost Steel Truck Drive																			
	Disposal Cost Steel																			
	<b>Subtotal</b>																			
	Equipment 's Disposal Cost																			
	Dismantling Cost																			
	Equipment 's Vol. Demolished																			
	Loading Costs	9000 gal to 12000 gal tank	02 65 10 30 0130	1625	Ea.											1 ea		1 ea		1625
	Transport Costs	9000 gal to 12000 gal tank	02 65 10 30 0320	450	Ea.											1 ea		1 ea		450
	Disposal Costs	6000 gal to 12000 gal tank	02 65 10 30 1029	1100	Ea.											1 ea		1 ea		1100
	<b>Subtotal</b>																			3175
	Concrete Demolition																			
	Demolition Cost																			
	Concrete's Vol. Demolished																			
	Loading Cost																			
	Transportation Cost																			
	Disposal Costs																			
	<b>Subtotal</b>																			
	Concrete Demolition																			
	Demolition Cost																			
	Concrete's Vol. Demolished																			
	Loading Cost																			
	Transportation Cost																			
	Disposal Costs																			
	<b>Subtotal</b>																			
	Concrete Demolition																			
	Demolition Cost																			
	Concrete's Vol. Demolished																			
	Loading Cost																			
	Transportation Cost																			
	Disposal Costs																			
	<b>Subtotal</b>																			
	<b>Total</b>																			3175



Ref.	Description	Materials	Means Reference Number	Unit Cost	Unit	Length	Width	Height	Diameter	Area	Volume	Weight	Density	Time	Number	Unit	Swell Factor	Quantity	Unit	Cost
	General Cleanup																			5,000
	Deduct 50% no interior walls																			
	Structure's Demolition Cost																			
	Structure's Vol. Demolished																			
	Rubble's Weight (exclude steel)																			
	Truck's Capacity																			
	Haulage																			
	Transportation Cost Non Steel Truck																			
	Transportation Cost Non Steel Drive																			
	Disposal Cost Non Steel																			
	Steel's Weight																			
	Truck's Capacity																			
	Haulage																			
	Transportation Cost Steel Truck																			
	Transportation Cost Steel Truck Drive																			
	Disposal Cost Steel																			
	<b>Subtotal</b>																			5,000
	Equipment 's Disposal Cost																			
	Dismantling Cost																			
	Equipment 's Vol. Demolished																			
	Loading Costs																			
	Transport Costs																			
	Disposal Costs																			
	<b>Subtotal</b>																			
	Concrete Demolition																			
	Demolition Cost																			
	Concrete's Vol. Demolished																			
	Loading Cost																			
	Transportation Cost																			
	Disposal Costs																			
	<b>Subtotal</b>																			
	Concrete Demolition																			
	Demolition Cost																			
	Concrete's Vol. Demolished																			
	Loading Cost																			
	Transportation Cost																			
	Disposal Costs																			
	<b>Subtotal</b>																			
	Concrete Demolition																			
	Demolition Cost																			
	Concrete's Vol. Demolished																			
	Loading Cost																			
	Transportation Cost																			
	Disposal Costs																			
	<b>Subtotal</b>																			
	<b>Total</b>																			5000